

# DHHS DIRECTOR'S OFFICE

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Governor's Recommended  
Budget Hearing

February 18, 2015

Current Biennium	Fiscal Year 2014 - Actual					Fiscal Year 2015 - Projected				
	\$0.015 Ad Valorem	\$0.01 Ad Valorem	Unmet Freecare	Transfer, County Per Claim Payment,		\$0.015 Ad Valorem	\$0.01 Ad Valorem	Unmet Freecare	Transfer, County Per Claim Payment,	
Agency 400 - Director's Office	Tax	Tax	Obliation	Interest	Total	Tax	Tax	Obliation	Interest	Total
3244 - Indigent Hospital Care	12,163,353	-	1,270,803	37,080	13,471,236	11,446,467	178,284	3,921,958	100,592	15,647,301
3260 - UPL Holding Account	-	-	-	1,250,000	1,250,000	-	-	-	4,571,557	4,571,557
Total Budget Accounts	12,163,353	-	1,270,803	1,287,080	14,721,236	11,446,467	178,284	3,921,958	4,672,149	20,218,858
					Biennial Total	23,609,820	178,284	5,192,761	5,959,229	34,940,094
Governor's Recommended Budget	Fiscal Year 2016 - Requested					Fiscal Year 2017 - Requested				
	\$0.015 Ad Valorem	\$0.01 Ad Valorem	Unmet Freecare	Transfer, County Per Claim Payment,		\$0.015 Ad Valorem	\$0.01 Ad Valorem	Unmet Freecare	Transfer, County Per Claim Payment,	
Agency 400 - Director's Office	Tax	Tax	Obliation	Interest	Total	Tax	Tax	Obliation	Interest	Total
3244 - Indigent Hospital Care	12,204,758	500,000	1,270,803	37,080	14,012,641	12,808,774	500,000	1,270,803	37,080	14,616,657
3260 - UPL Holding Account	-	-	-	2,229,840	2,229,840	-	-	-	2,158,340	2,158,340
Total Budget Accounts	12,204,758	500,000	1,270,803	2,266,920	16,242,481	12,808,774	500,000	1,270,803	2,195,420	16,774,997
					Biennial Total	25,013,532	1,000,000	2,541,606	4,462,340	33,017,478

# 3244 Indigent Hospital Care

- The Fund for Hospital Care to Indigent Persons (Fund) provides reimbursement to hospitals for unpaid charges related to the medical treatment of indigent individuals.
  - The source of funding for the Fund are as follows:
    - \$0.015 ad valorem tax on each \$100 of assessed value of taxable property in each county;
    - Unmet Freecare Obligation from hospitals (currently only Clark and Washoe County hospitals);
    - County payment of \$3,000 per indigent claim paid in the prior year; and
    - Interest earned in the account.
- Beginning in SFY14, revenue from the supplemental \$0.01 ad valorem tax was no longer received and tracked in this budget account. Payments from the counties are now deposited in the Division of Health Care Financing and Policy's (DHCFP) B/A 3157 – Intergovernmental Transfer (IGT) Account.
- Revenue projections for the \$0.015 ad valorem tax reflect an increase over the base amount of \$11,627,930:
  - Year 1 – Projection of \$12,204,758 for an increase of \$576,828.
  - Year 2 – Projection of \$12,808,774 for an increase of \$1,180,844.
- The Unmet Freecare Obligation revenue is requested to be budgeted at the base amount of \$1,270,803.
  - This obligation applies to hospitals with more than 100 beds located in counties with two or more licensed hospitals (currently only applicable to Clark and Washoe Counties);
  - Requires hospitals to provide uncompensated care for indigent inpatients in an amount equal to 0.6% of each hospital's net revenue for the preceding year.
  - The amount to be paid to this account is based on the actual amount of each hospital's unmet obligation.

## 3244 Indigent Hospital Care (cont.)

- Another funding source in the next biennium will be the \$0.01 ad valorem tax payments from prior years for one county in the amount of \$500,000 each year of the biennium. This funding is not permanent and will end in SFY18 once all past taxes have been paid.
- The expenditures associated with this funding, plus any other funds remaining in the Fund after the transfer of funds to B/A 3157 will be expended as determined by the Board of Trustees. Potential uses of the funding could be to:
  - Offset the County Match Program;
  - Make traditional Indigent Hospital Care claims; or
  - Increase supplemental payments by Medicaid.
- Expenditures in the base year included the following:
  - Contract payment of \$60,000 to the Nevada Association of Counties for administration of the Fund;
  - A transfer of \$11,245,692 to B/A 3157 used to obtain federal Medicaid matching funds for supplemental payments;
  - A transfer of \$1,630,121 to B/A 3157 used to offset the County Match Program obligations; and
  - Payments to hospitals of \$535,423 for prior year obligations.
- Expenditures in the next biennium will include the following:
  - Contract payment of \$60,000 to the Nevada Association of Counties for administration of the Fund;
  - A transfer of \$11,245,692 to B/A 3157 used to obtain Medicaid federal matching funds; and
  - Remaining funds will be expended as determined by the Board of Trustees.

# Bill Draft Requests

DHCFP BDR related to the Director's Office Indigent Hospital Care account:

BDR 38-327 – AB41:

- Revises language relating to NRS 428 – Fund for Hospital Care for Indigent Persons by removing references to accounts that no longer exist under this NRS, requesting a change in the handling of cash on hand at year end, and the repeal of two sections identified as no longer applicable to this fund.

# 3260 Upper Payment Limit (UPL) Holding Account

- The Upper Payment Limit (UPL) Holding Account is assigned to the DHHS Director's Office. This account acts as a pass-through account for funds to be provided from various divisions of DHHS to DHCFP's Budget Account 3157 – IGT Account. The funds are used to pay administrative and related costs and the State's share of the cost for the expansion of the UPL program to include private hospitals. Any remaining balances will be reverted to the State General Fund at the end of each biennium.
- Base Year:
  - Converted \$1,250,000 in contracts to Nevada Clinical Services (NCS) resulting in \$337,500 of reverted funds to the State General Fund.
- SFY15:
  - Project to convert \$4,571,557 in contracts to NCS for a state net benefit of \$1,212,380 to be reverted to the State General Fund at the close of the fiscal year. This year has an additional contract of \$3 million for newborn screening that will not be a part of the Department of Health and Human Services budget in future years.
- Next Biennium:
  - The requested budget reflects contracts identified to be converted to NCS that would result in the following:
    - SFY16 - \$2,289,000 in contracts with \$617,926 of reverted funds to the State General Fund.
    - SFY17 - \$2,189,000 in contracts with \$639,174 of reverted funds to the State General Fund.
  - Note: There is a reduction of \$100,000 to one of the identified contracts in SFY17; however, the blended Federal Medical Assistance Percentage (FMAP) will be higher in Year 2 resulting in a higher state net benefit.

# APPENDICES

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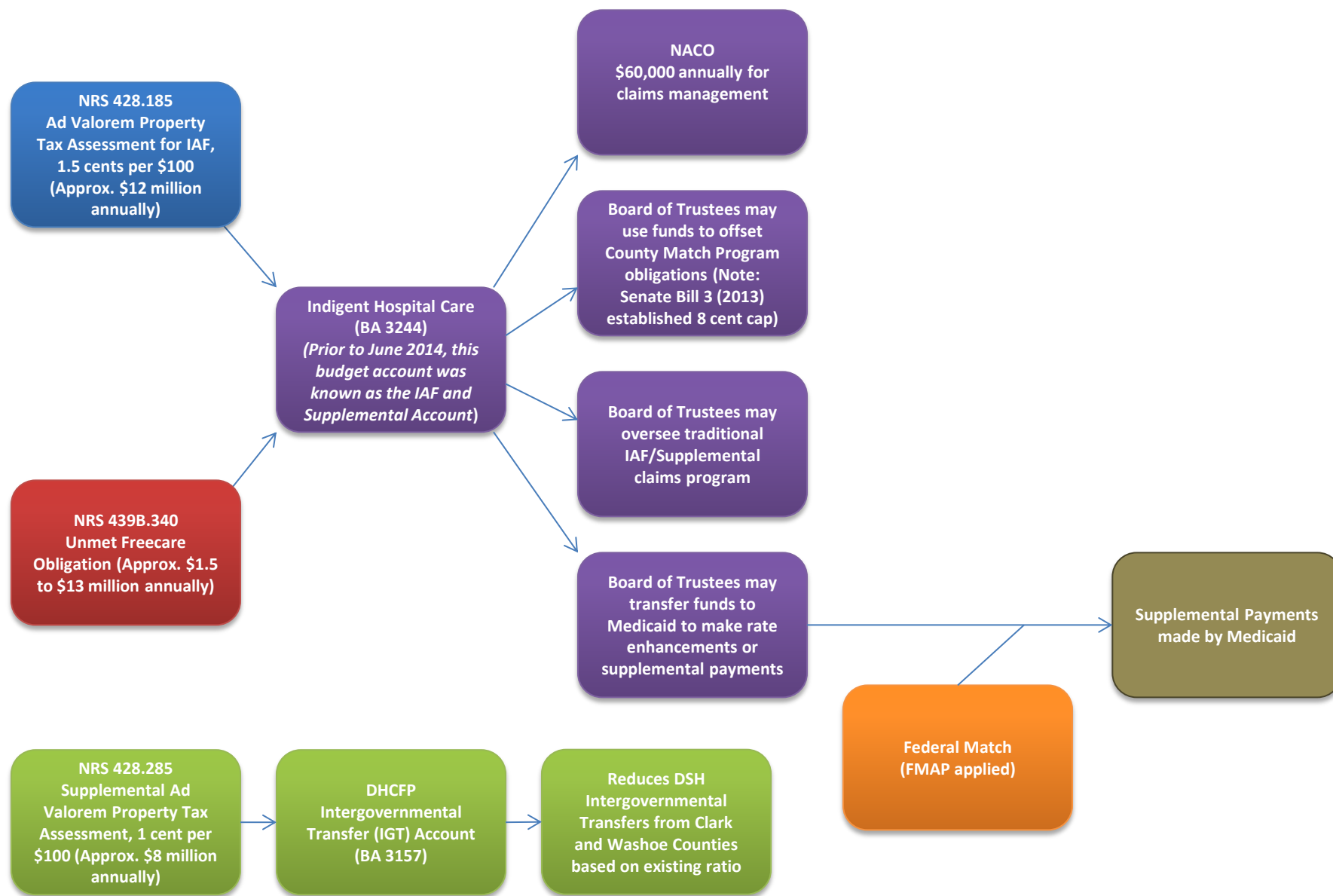
Indigent Hospital Care and Supplemental Flow Chart

Unmet Freecare Obligation Flow Chart

Private Hospital Upper Payment Limit Program Flow Chart

Acronyms

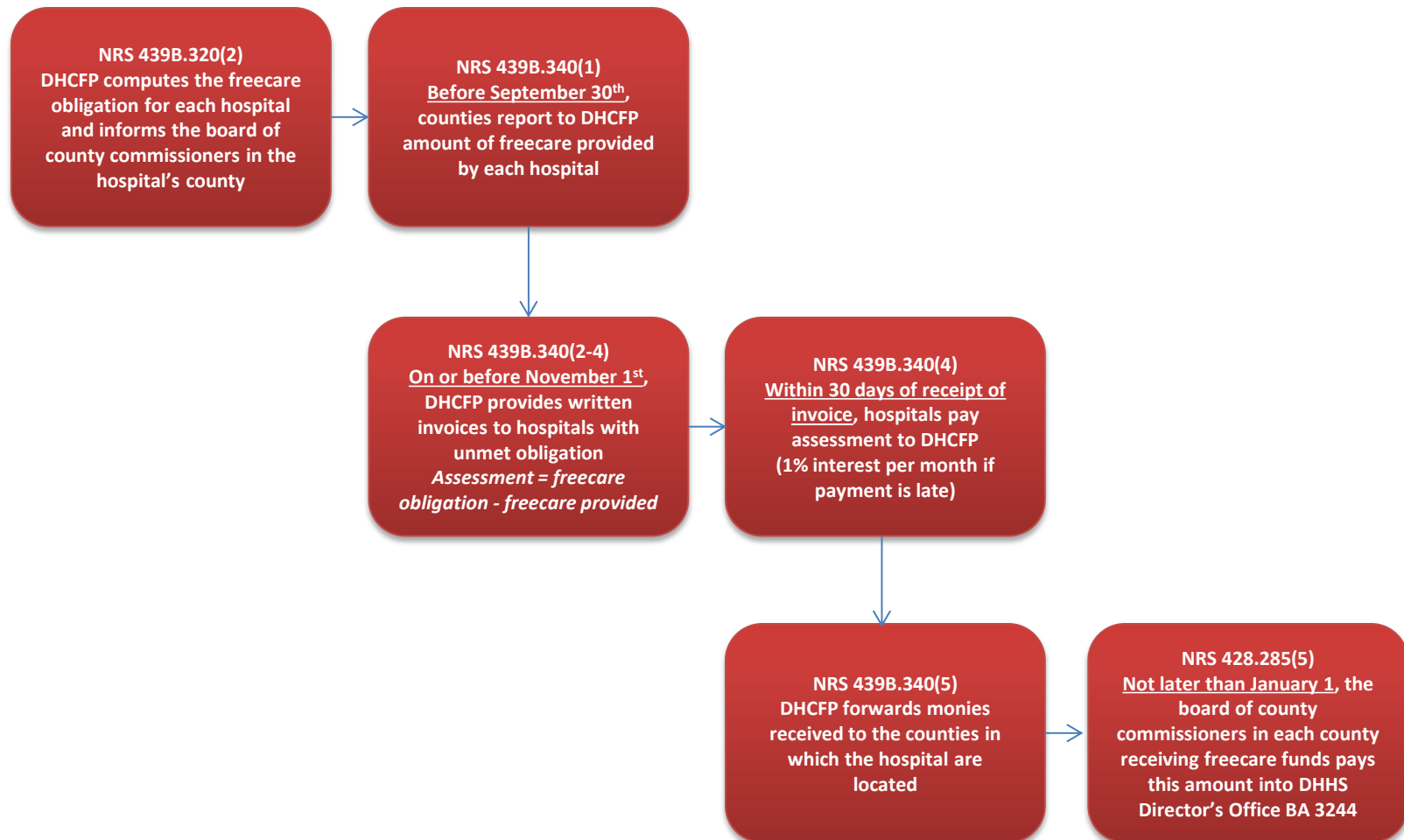
## Indigent Hospital Care and Supplemental Payments



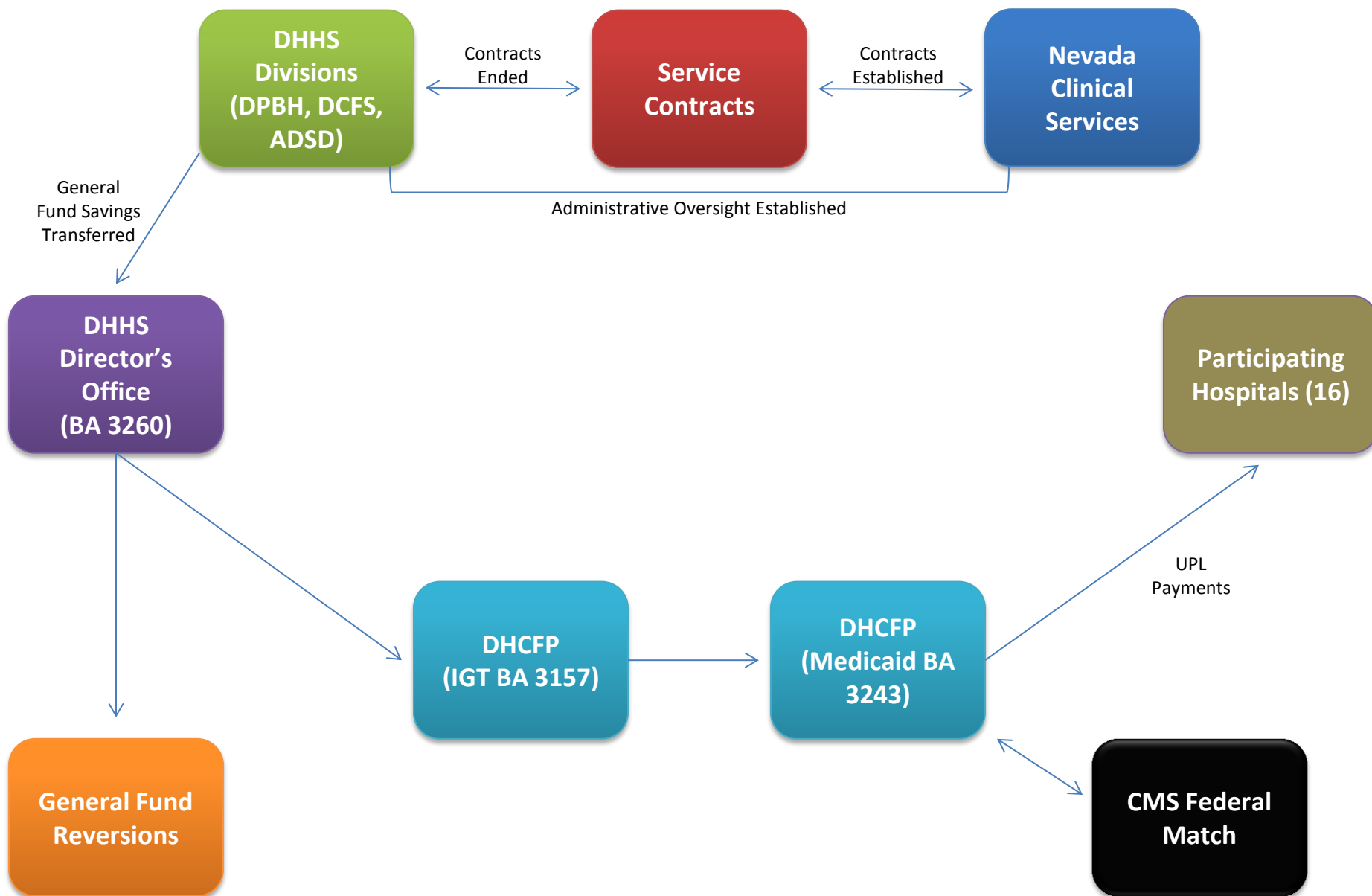


# Unmet Freecare Obligation

*NRS 439B.320 requires hospitals to provide uncompensated care for indigent inpatients in an amount equal to 0.6 percent of the hospital's net revenue for the preceding fiscal year. This freecare obligation applies to hospitals with more than 100 beds located in counties with two or more licensed hospitals (NRS 439B.300). Currently this applies to only Clark and Washoe Counties.*



# Private Hospital UPL Program



# Acronyms

- ACA      Affordable Care Act
- B/A      Budget Account
- DHCFP   Division of Health Care Financing and Policy
- DHHS    Department of Health and Human Services
- DO      Director's Office
- FMAP    Federal Medical Assistance Percentage
- Fund    Fund for Hospital Care to Indigent Persons
- IGT      Intergovernmental Transfer Account
- NCS      Nevada Clinical Services
- SFY      State Fiscal Year
- UPL      Upper Payment Limit